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Economic Services Division

Committee on China

(Minutes of the Seventh Meeting -- 1315 hours, 7 October 1954)

25X1A9a

Present: All members except Mr. [REDACTED]
25X1A9a [REDACTED] and Mr. [REDACTED]

25X1X7

The Chairman read excerpts from the terms of reference for Project #10.593, Implications of Sino-Soviet Trade, in so far as they bore on the responsibilities of Service Division branches.

The several contributions to Project 10.590, IM on Revision of Production of Commodities by Communist China, were summarized by the analysts. Discussion centered about the contribution of S/CST, since cement production was the only area for which Chou En-lai's speech gave a firm figure within the responsibilities of this division. Mr. [REDACTED] 25X1A9a presented the case for holding to the previous estimate of approximately 3.5 million metric tons as against the Chou En-lai estimate for 1954 of 4.73 million metric tons. It was pointed out that only if the estimated cement producing facilities were used at 100% capacity, as against around 85% (the best which U.S. cement plants can normally achieve), would it be possible to approach the higher figure. Furthermore, it was considered doubtful that necessary facilities could have developed without being accounted for in CIA estimates, because of the difficulty of concealment--and the lack of reason therefore.

The possibilities that China is purposely falsifying production figures and that her statistical techniques are incapable of producing accurate figures were considered as possible explanations for the discrepancy between the announced figures and the estimates. The committee is manifestly unable to determine whether either or both of these factors are at work here, but it is the consensus of the committee that the previous estimate by S/CST is based on solid evidence and analysis, and that it should not be discarded until firmer evidence is available.

25X1A9a [REDACTED]